



**Adopted 2006/2007 Budget
and
Twenty-Year Resource Allocation Plan**

**City Manager's
Adopted Budget Message**

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CITY MANAGER'S ADOPTED BUDGET MESSAGE

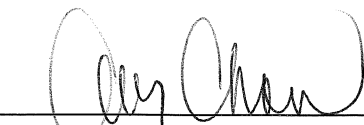
I am pleased to present the FY 2006/2007 Budget and accompanying Twenty-Year Resource Allocation Plan, as adopted on June 20, 2006 by the Sunnyvale City Council. The specifics of the budget as recommended to Council are discussed in detail beginning on the next page. This addendum addresses the adoption of amendments to the Recommended Budget.

The Recommended Budget presented twelve budget supplements for consideration. Budget supplements are called out separately to draw a distinction between the service levels provided in the baseline budget and recommended expansion or reduction of service levels. The budget supplements are detailed in the Letter of Transmittal, Service Level Changes section. As part of the adoption of the budget, Council approved all ten budget supplements that I had recommended. These have now been incorporated into the baseline budget.

In addition, Council added one new supplement. Budget Supplement #7 – Construct Restrooms Building at San Antonio Park was approved for funding. Council provided direction for staff to negotiate a long-term agreement with the Hebrew Day School to allow the use of the school's restroom facility by the public. If the agreement is not in place by the end of the calendar year 2006, the City will proceed with the construction of a permanent restroom at San Antonio Park. Construction costs will be funded from Park Dedication Funds and the on-going operating costs will be funded from the General Fund Service Level Set-Aside.

The adopted FY 2006/2007 Budget represents significant progress toward adjusting to the City's new fiscal realities. The budget is balanced over the twenty-year planning period and the General Fund structural gap that previously existed has been closed, but the job is not over. A number of fiscal pressures have been identified that must be addressed in the coming years. These pressures are detailed in the following pages. Our economic condition continues to be evolving, and we will need to continue to pay close attention and make course corrections as necessary. Fortunately, Sunnyvale's planning and financial management systems provide a strong foundation for the City's long term financial stability. Without this foundation, the City would likely find itself unprepared to respond to new fiscal realities. These systems give the City the time and methods for dealing with fiscal challenges in a measured and thoughtful way.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Amy Chan', is written over a horizontal line.

Amy Chan
City Manager

August 4, 2006

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